

REFERENCE TITLE: school tax credits; contribution date

State of Arizona
House of Representatives
Forty-eighth Legislature
First Regular Session
2007

HB 2394

Introduced by
Representatives Yarbrough, Anderson, Barto, Biggs, Murphy, Nichols,
Senators Flake, Gorman, Gray L, Huppenthal: Representatives Crandall,
Driggs, Groe, Stump, Weiers JP, Senator Harper

AN ACT

AMENDING SECTIONS 43-1089 AND 43-1089.01, ARIZONA REVISED STATUTES; RELATING
TO INDIVIDUAL INCOME TAX CREDITS.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:
2 Section 1. Section 43-1089, Arizona Revised Statutes, is amended to
3 read:

4 43-1089. Credit for contributions to school tuition
5 organization: definitions

6 A credit is allowed against the taxes imposed by this title for the
7 amount of voluntary cash contributions made by the taxpayer during the
8 taxable year to a school tuition organization, but not exceeding:

9 1. Five hundred dollars in any taxable year for a single individual or
10 head of household.

11 2. Eight hundred twenty-five dollars in taxable year 2005 for a
12 married couple filing a joint return.

13 3. One thousand dollars in taxable year 2006 and any subsequent
14 TAXABLE year for a married couple filing a joint return.

15 B. A husband and wife who file separate returns for a taxable year in
16 which they could have filed a joint return may each claim only one-half of
17 the tax credit that would have been allowed for a joint return.

18 C. If the allowable tax credit exceeds the taxes otherwise due under
19 this title on the claimant's income, or if there are no taxes due under this
20 title, the taxpayer may carry the amount of the claim not used to offset the
21 taxes under this title forward for not more than five consecutive taxable
22 years' income tax liability.

23 D. The credit allowed by this section is in lieu of any deduction
24 pursuant to section 170 of the internal revenue code and taken for state tax
25 purposes.

26 E. The tax credit is not allowed if the taxpayer designates the
27 taxpayer's contribution to the school tuition organization for the direct
28 benefit of any dependent of the taxpayer.

29 F. A school tuition organization that receives a voluntary cash
30 contribution pursuant to subsection A shall report to the department, in a
31 form prescribed by the department, by February 28 of each year the following
32 information:

33 1. The name, address and contact name of the school tuition
34 organization.

35 2. The total number of contributions received during the previous
36 calendar year.

37 3. The total dollar amount of contributions received during the
38 previous calendar year.

39 4. The total number of children awarded educational scholarships or
40 tuition grants during the previous calendar year.

41 5. The total dollar amount of educational scholarships and tuition
42 grants awarded during the previous calendar year.

43 6. For each school to which educational scholarships or tuition grants
44 were awarded:

45 (a) The name and address of the school.

1 (b) The number of educational scholarships and tuition grants awarded
2 during the previous calendar year.

3 (c) The total dollar amount of educational scholarships and tuition
4 grants awarded during the previous calendar year.

5 **G. FOR THE PURPOSES OF THIS SECTION, A CONTRIBUTION FOR WHICH A CREDIT**
6 **IS CLAIMED IS DEEMED TO HAVE BEEN MADE ON THE LAST DAY OF THE PRECEDING**
7 **TAXABLE YEAR IF THE CONTRIBUTION IS MADE ON OR BEFORE THE FIFTEENTH DAY OF**
8 **APRIL FOLLOWING THE CLOSE OF THE CALENDAR YEAR.**

9 **~~G.~~ H.** For the purposes of this section:
10 1. "Handicapped student" means a student who has any of the following
11 conditions:

- 12 (a) Hearing impairment.
13 (b) Visual impairment.
14 (c) Preschool moderate delay.
15 (d) Preschool severe delay.
16 (e) Preschool speech or language delay.

17 2. "Qualified school" means a nongovernmental primary school or
18 secondary school or a preschool for handicapped students that is located in
19 this state, that does not discriminate on the basis of race, color, handicap,
20 familial status or national origin and that satisfies the requirements
21 prescribed by law for private schools in this state on January 1, 1997.

22 3. "School tuition organization" means a charitable organization in
23 this state that is exempt from federal taxation under section 501(c)(3) of
24 the internal revenue code and that allocates at least ninety per cent of its
25 annual revenue for educational scholarships or tuition grants to children to
26 allow them to attend any qualified school of their parents' choice. In
27 addition, to qualify as a school tuition organization the charitable
28 organization shall provide educational scholarships or tuition grants to
29 students without limiting availability to only students of one school.

30 Sec. 2. Section 43-1089.01, Arizona Revised Statutes, is amended to
31 read:

32 **43-1089.01. Tax credit: public school fees and contributions;**
33 **definitions**

34 A. A credit is allowed against the taxes imposed by this title for the
35 amount of any fees or cash contributions made by a taxpayer during the
36 taxable year to a public school located in this state for the support of
37 extracurricular activities or character education programs of the public
38 school, but not exceeding:

- 39 1. Two hundred dollars for a single individual or a head of household.
40 2. Three hundred dollars in taxable year 2005 for a married couple
41 filing a joint return.
42 3. Four hundred dollars in taxable year 2006 and any subsequent
43 **TAXABLE** year for a married couple filing a joint return.

1 B. A husband and wife who file separate returns for a taxable year in
2 which they could have filed a joint return may each claim only one-half of
3 the tax credit that would have been allowed for a joint return.

4 C. The credit allowed by this section is in lieu of any deduction
5 pursuant to section 170 of the internal revenue code and taken for state tax
6 purposes.

7 D. If the allowable tax credit exceeds the taxes otherwise due under
8 this title on the claimant's income, or if there are no taxes due under this
9 title, the taxpayer may carry the amount of the claim not used to offset the
10 taxes under this title forward for not more than five consecutive taxable
11 years' income tax liability.

12 E. The site council of the public school that receives contributions
13 that are not designated for a specific purpose shall determine how the
14 contributions are used at the school site. If a charter school does not have
15 a site council, the principal, director or chief administrator of the charter
16 school shall determine how the contributions that are not designated for a
17 specific purpose are used at the school site.

18 F. A public school that receives fees or a cash contribution pursuant
19 to subsection A of this section shall report to the department, in a form
20 prescribed by the department, by February 28 of each year the following
21 information:

22 1. The total number of fee and cash contribution payments received
23 during the previous calendar year.

24 2. The total dollar amount of fees and contributions received during
25 the previous calendar year.

26 3. The total dollar amount of fees and contributions spent by the
27 school during the previous calendar year.

28 G. FOR THE PURPOSES OF THIS SECTION, A CONTRIBUTION FOR WHICH A CREDIT
29 IS CLAIMED IS DEEMED TO HAVE BEEN MADE ON THE LAST DAY OF THE PRECEDING
30 TAXABLE YEAR IF THE CONTRIBUTION IS MADE ON OR BEFORE THE FIFTEENTH DAY OF
31 APRIL FOLLOWING THE CLOSE OF THE CALENDAR YEAR.

32 H. For the purposes of this section:

33 1. "Character education programs" means a program described in section
34 15-719.

35 2. "Extracurricular activities" means school sponsored activities that
36 require enrolled students to pay a fee in order to participate including fees
37 for:

- 38 (a) Band uniforms.
39 (b) Equipment or uniforms for varsity athletic activities.
40 (c) Scientific laboratory materials.
41 (d) In-state or out-of-state trips that are solely for competitive
42 events. Extracurricular activities do not include any senior trips or events
43 that are recreational, amusement or tourist activities.